

France Telecom

fixed income roadshow

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June 14-16, 2010



cautionary statement

This presentation contains forward-looking statements about France Telecom's business, in particular for 2010 and 2011. Although France Telecom believes these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in the economy in general and in France Telecom's markets, the effectiveness of the integrated operator strategy including the success and market acceptance of the Orange brand and other strategic, operating and financial initiatives, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.

More detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document filed with the French *Autorité des Marchés Financiers*, in the Form 20-F filed with the U.S. Securities and Exchange Commission, and in the Annual Securities Report filed with the Director General of the Kanto Local Finance Bureau in Japan. Except to the extent required by law, France Telecom does not undertake any obligation to update forward-looking statements.

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agenda

1 company highlights

2 strategic directions

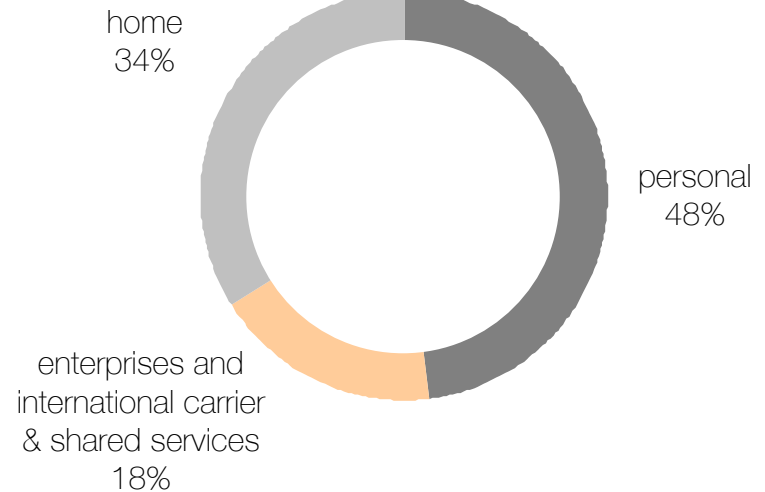
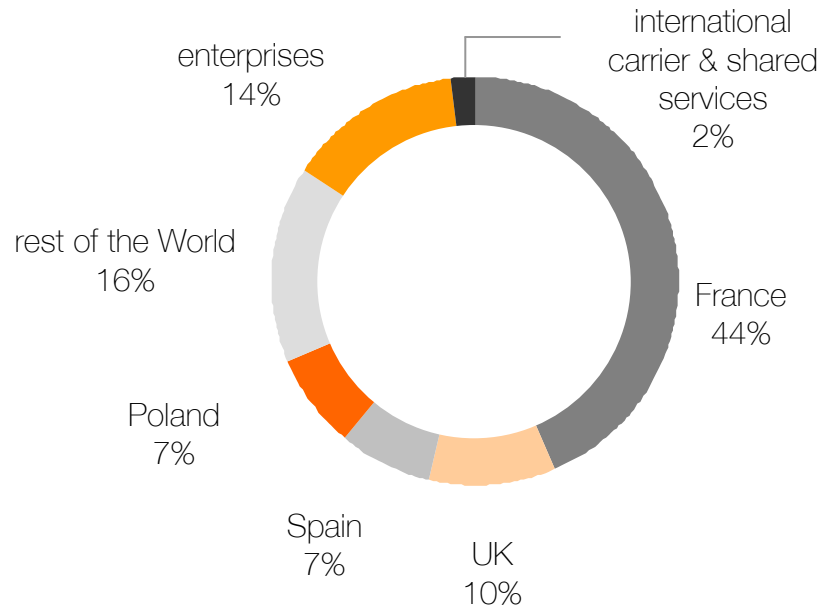
3 key figures : full year 2009 and Q1 2010

France telecom Orange is a convergent telco operator with a diversified footprint

51 billion euros revenues*

per geographic area*

per line of business

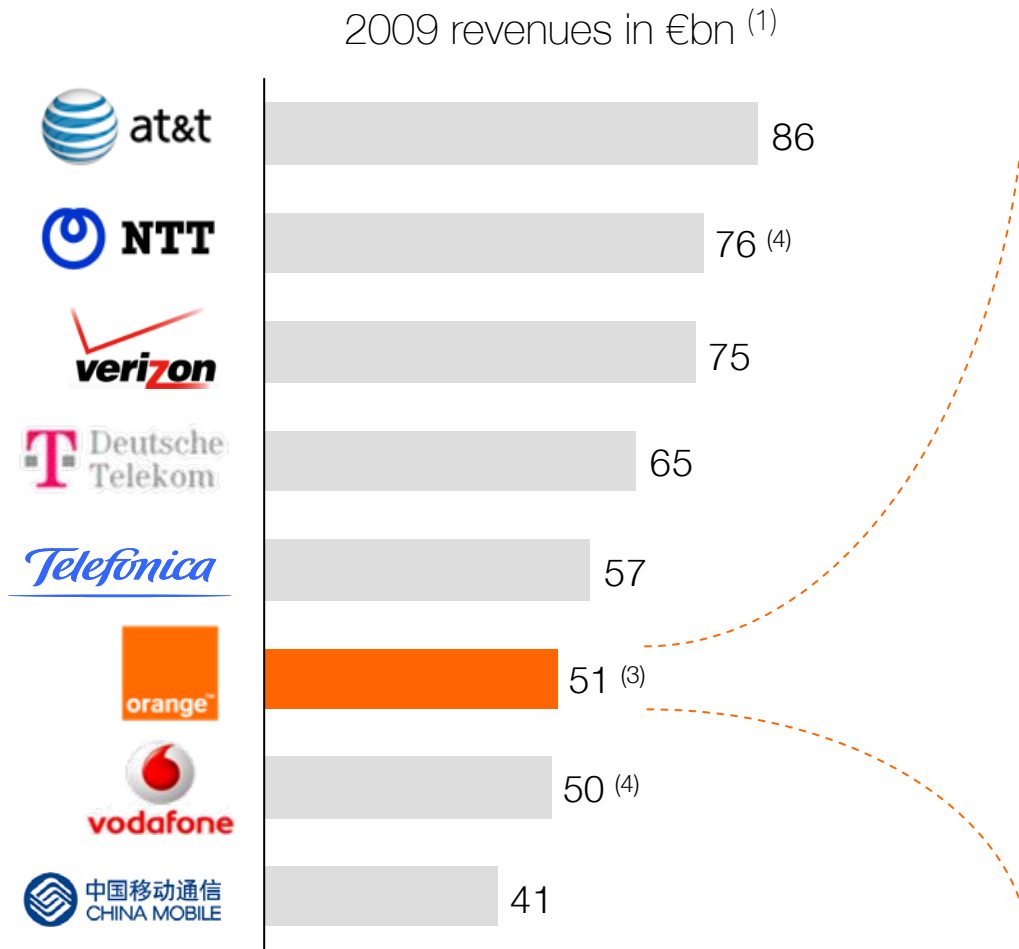


181 thousand employees in 32 consumer countries & 166 enterprise countries & territories

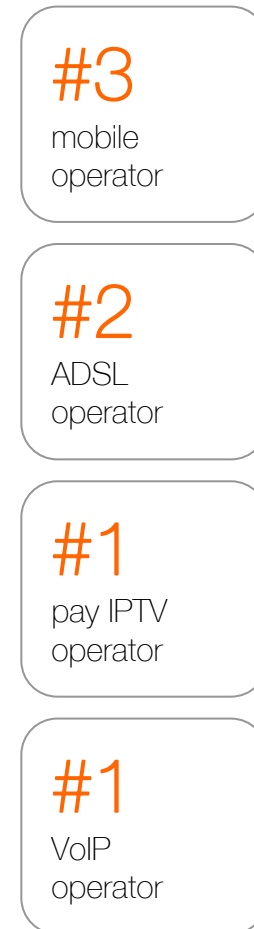
* including Orange UK to be merged with T-mobile UK in 2010

6th worldwide telecom operator

Orange in the world



Orange in Europe ⁽²⁾



(1) companies' figures; exchange rates as of 31/12/2009 from Datastream

(2) ranking provided by Idate

(3) including Orange UK to be merged with T-mobile UK in 2010

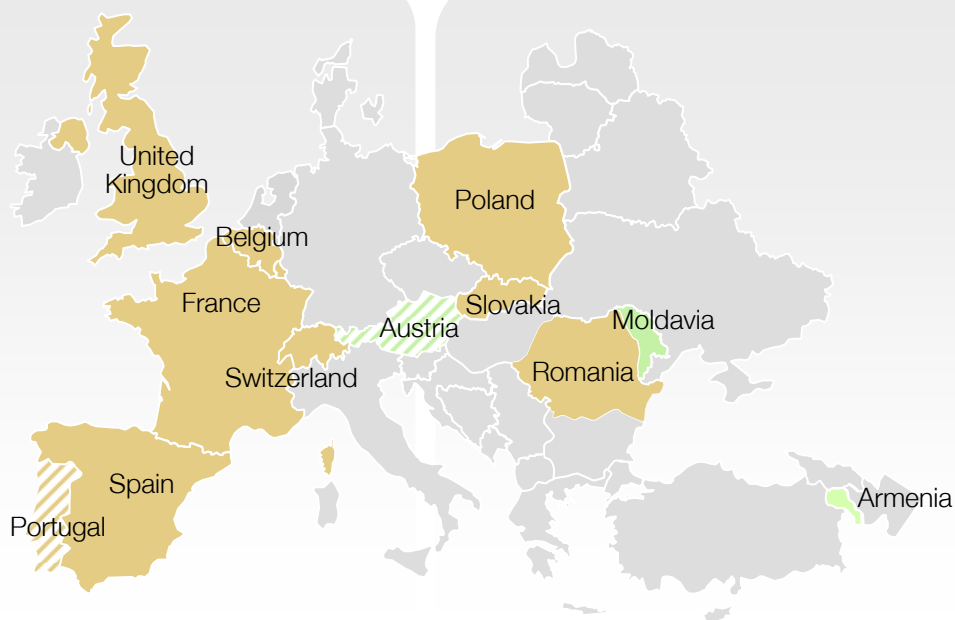
(4) year ending March 2010

serving customers in 32 countries and enterprises in 166 countries and territories

Western Europe

Central Europe & Central Asia

Africa, Middle-East



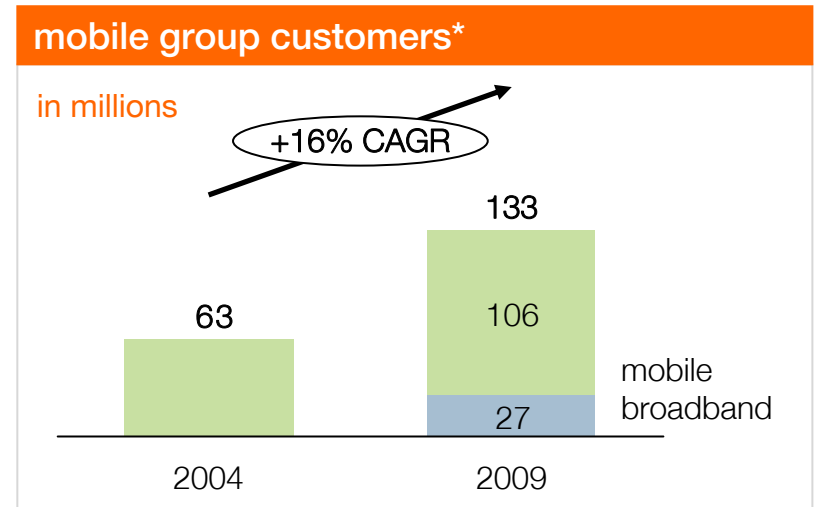
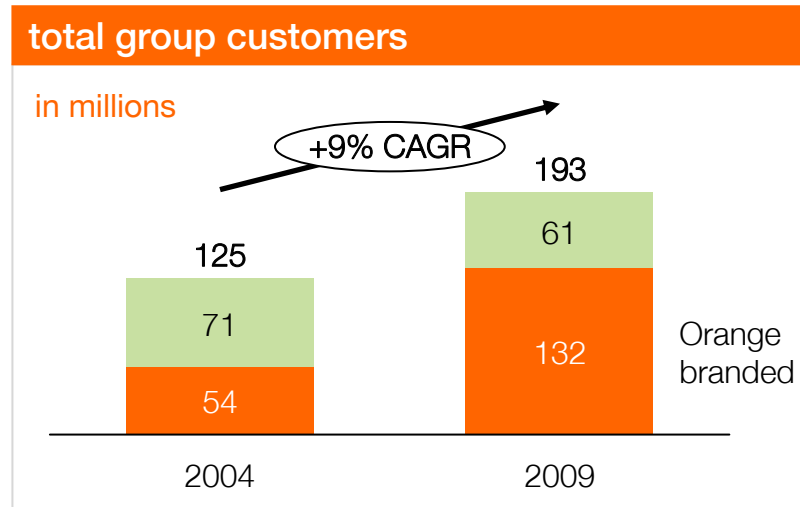
■ fixed/ Internet / mobile

■ mobile only

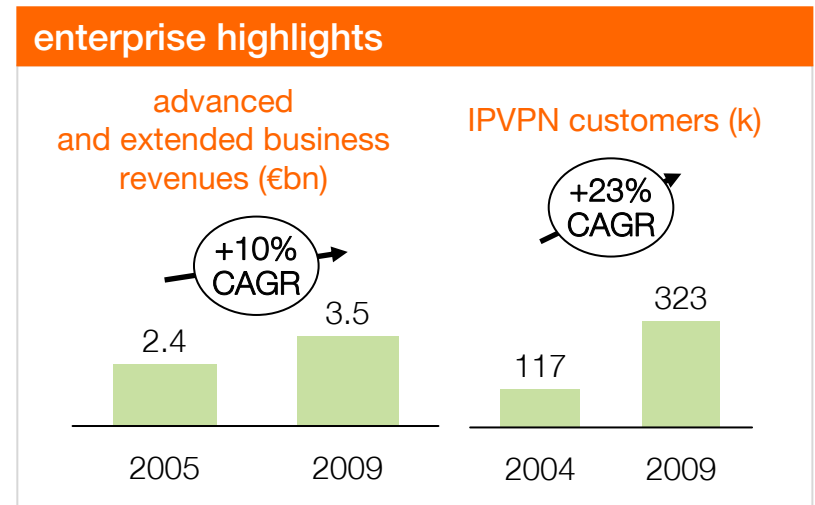
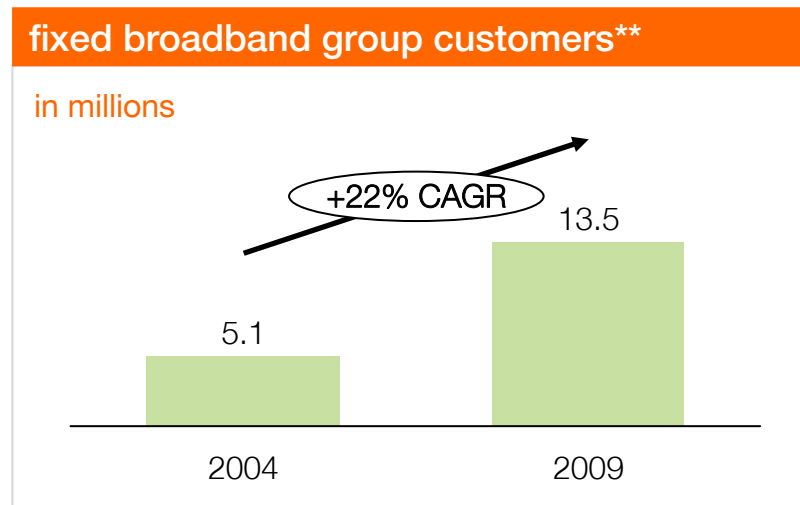
▨ minority stake fixed / Internet / mobile

▨ minority stake mobile only

sustained customer acquisition in fixed and mobile

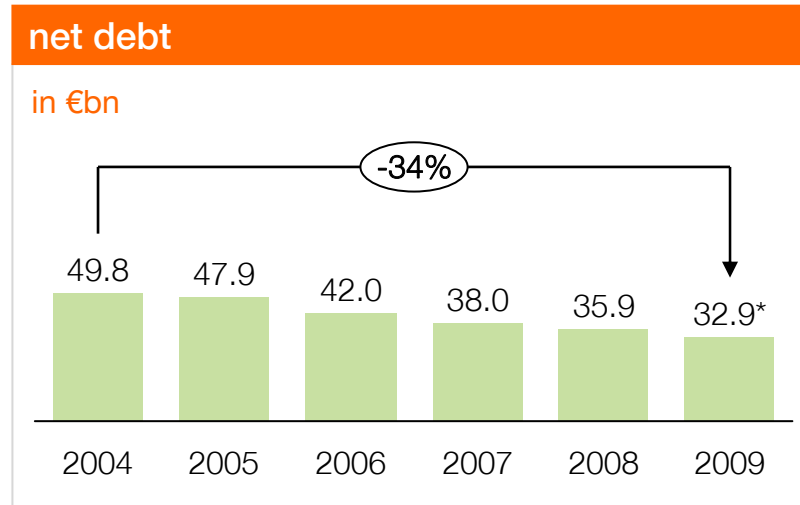


* excluding MVNOs customers

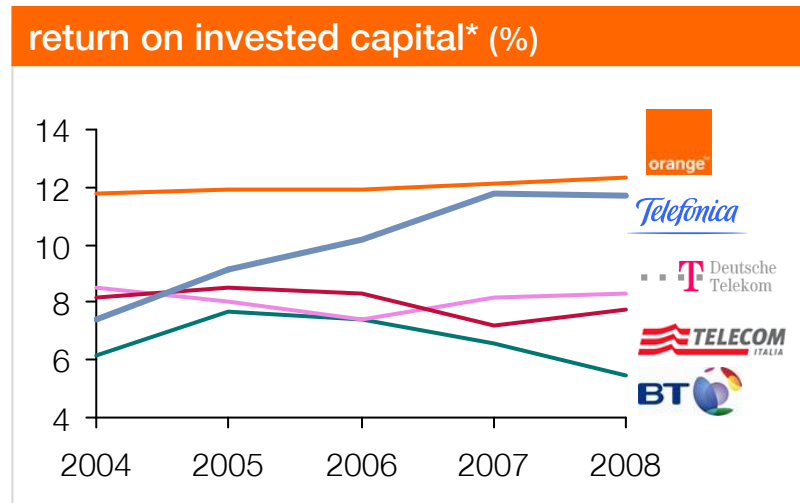
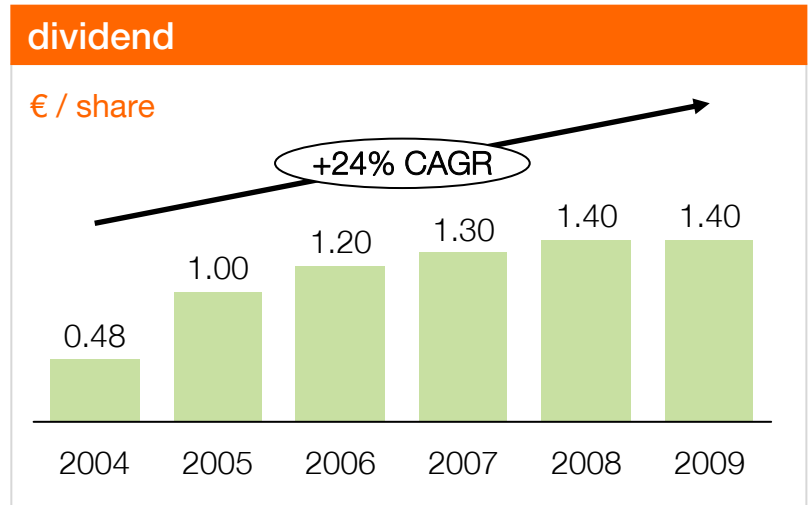


** ADSL, FTTH and others

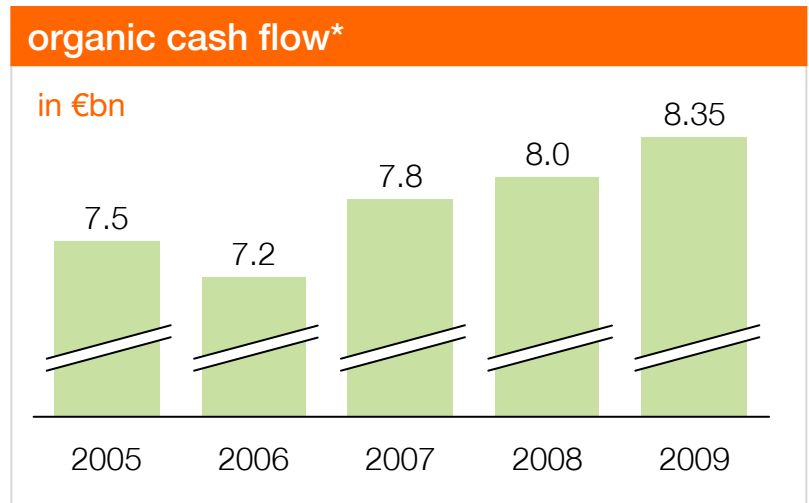
a high financial performance



* excluding commitment on ECMS offer



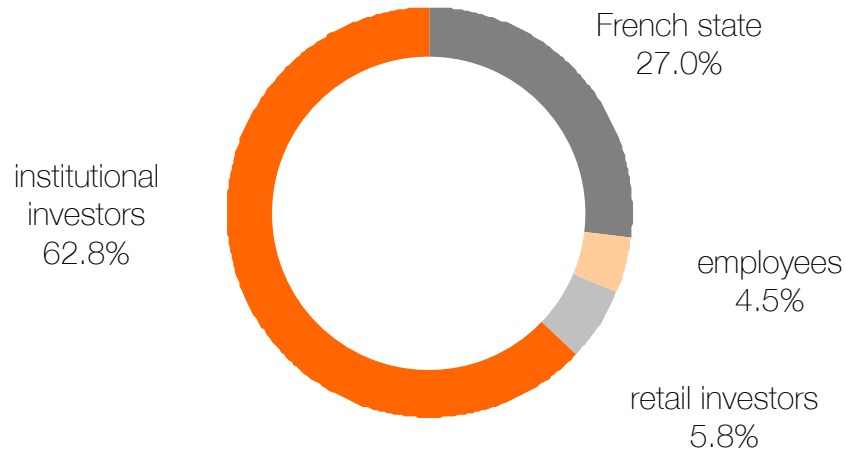
* ROI is HOLT CFROI expressed in nominal terms ;
source : Credit Suisse ValueSearch™, February 2010



* historical figures

shareholdings

2,649 billion shares



2009 dividend 1.4 euros per share

agenda

1 company highlights

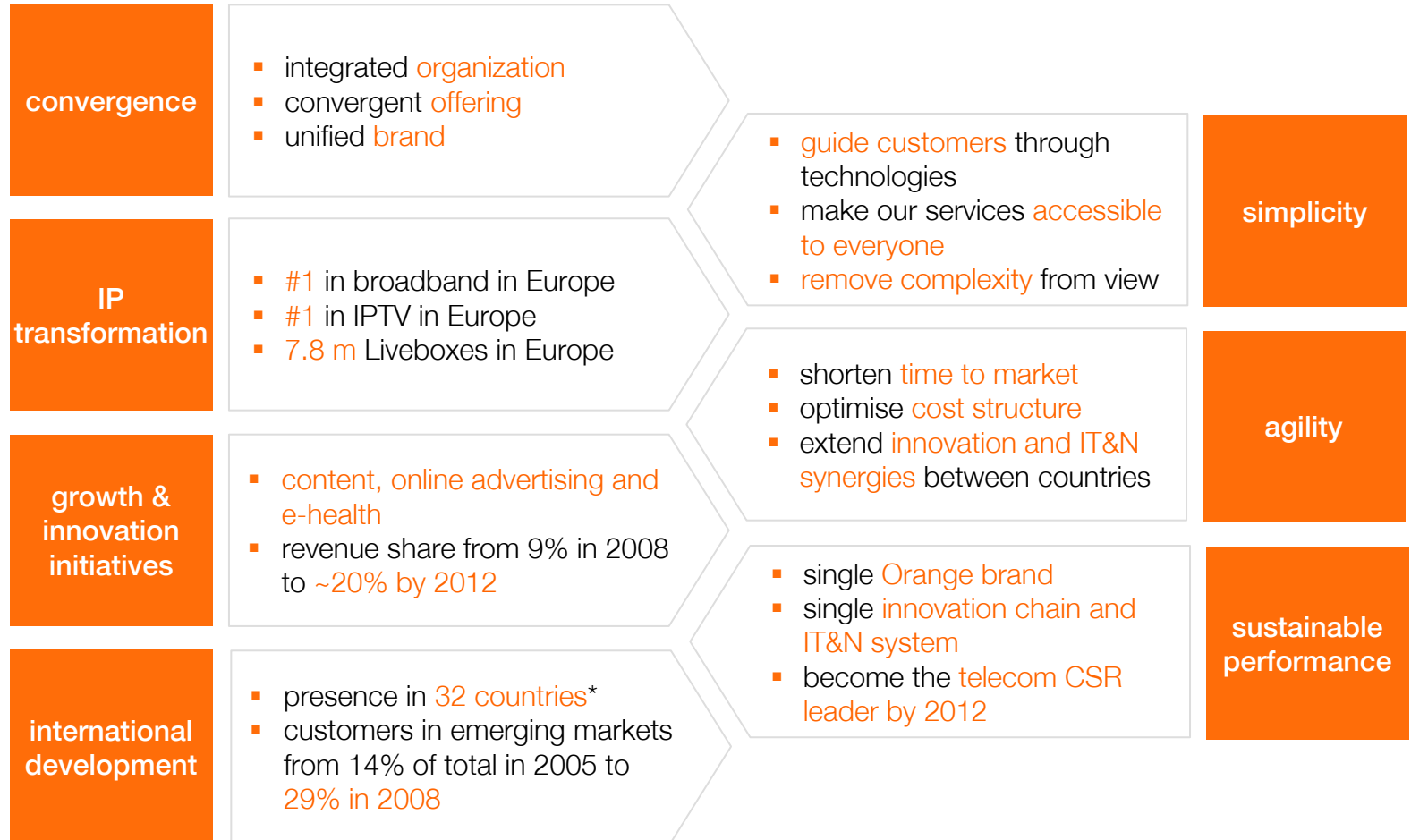
2 strategic directions

3 key figures : full year 2009 and Q1 2010

main strategic directions

from NExT

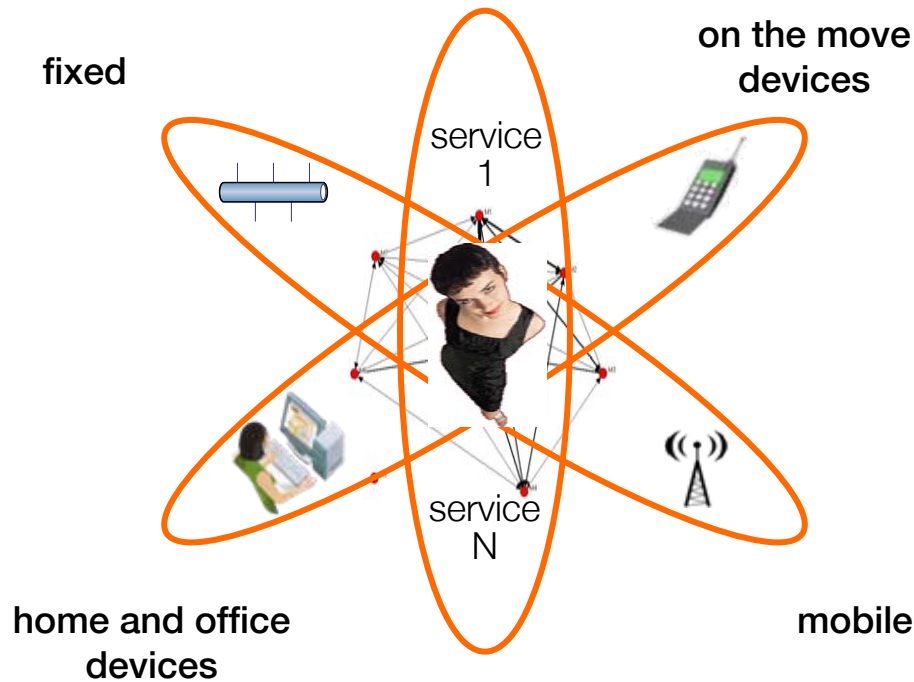
..... to Orange 2012



... with a current reassessment of group priorities to be presented in early July

convergence

customer becomes the node of networks



FT-Orange early positioned

- convergence across services
 - shared user profile
 - single sign on
 - platforms integration
 - IMS
- convergence across networks
 - seamless handover between networks (UMA)
 - integrated QoS supervision
- convergence across devices
 - simplify user experience
 - integration of applications

IP transformation

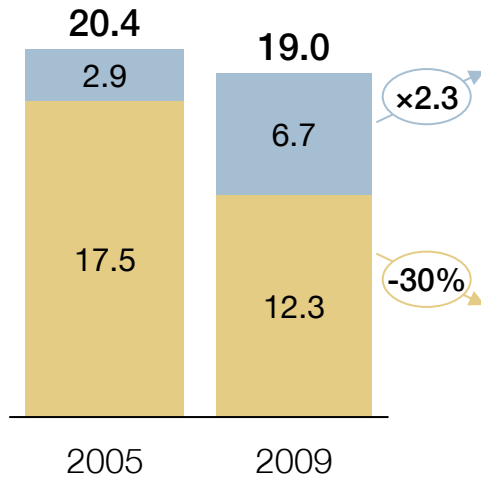
overall growth hides significant revenue transformation



broadband access offset the drop in legacy business...

in billions of euros

- broadband*
- legacy

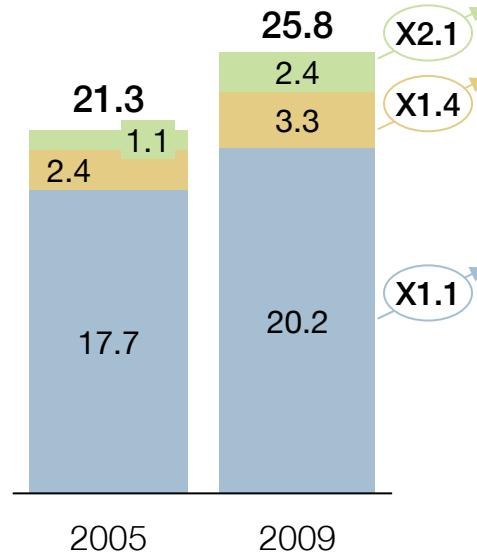


*including portal and content revenues

data & SMS activities drive mobile revenues growth...

in billions of euros

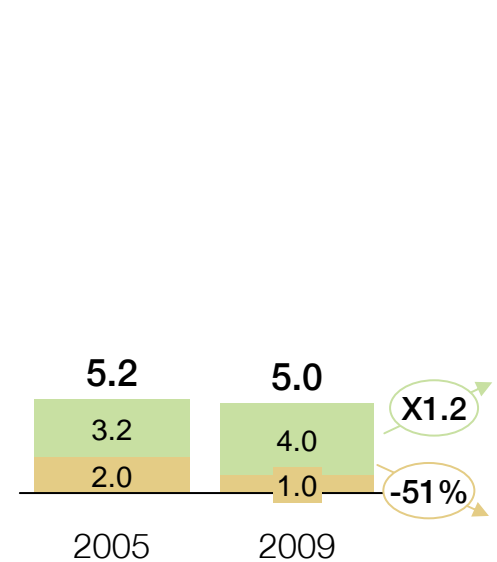
- data and content
- SMS
- voice



surge in IP networks offset the drop in data legacy...

in billions of euros

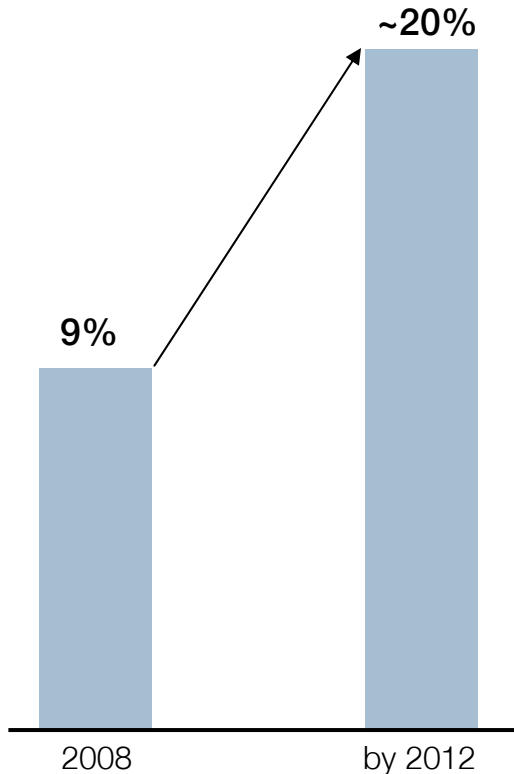
- IP networks and services
- data legacy



growth and innovation initiatives

turn implosion of the ecosystem into a growth opportunity for Orange

revenue share ambition



...of which 3 key growth initiatives

content

- premium content to increase TV customer base and mobile usage uptake
- increase “delinearized” usage

on-line advertising

- leveraging growth of mobile / interactive TV advertising
- leveraging differentiated targeting capabilities

e-health

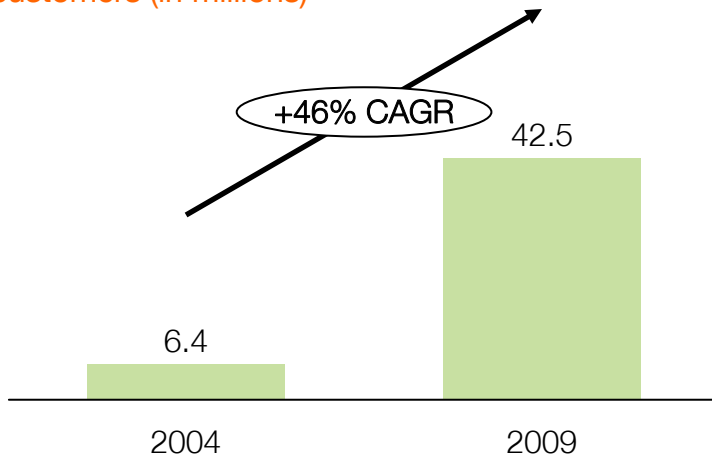
- trained B2B sales force
- assistance propositions for the elderly and the disabled in consumer market
- leverage tele-monitoring expertise

steady international development

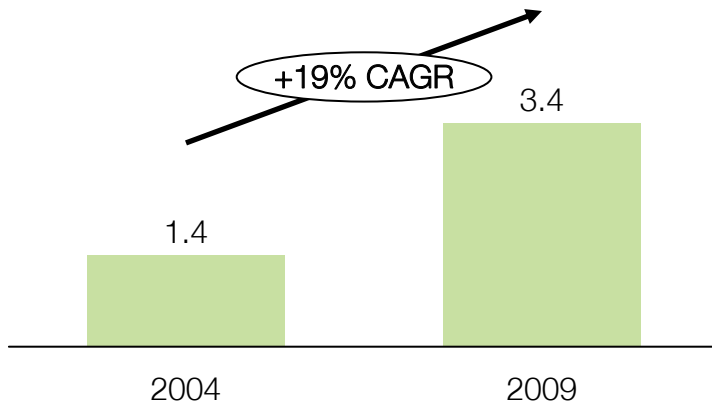
serving consumers in 32 countries in 2009, up from 19 in 2004

Africa and Middle East development

customers (in millions)

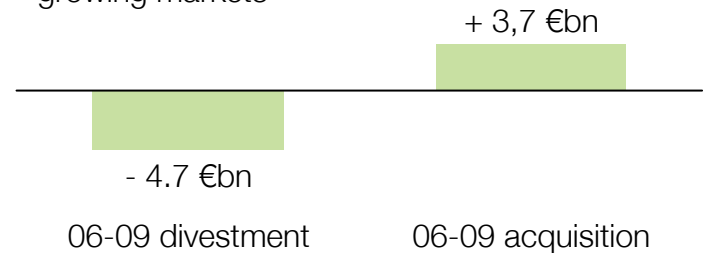


total revenues (in €bn)



net M&A investment over 2006-2009

- selective and cautious M&A with a focus on fast growing markets



main transactions over 2006-2009

greenfield operations & footprint extension

- Guinea (2007)
- Guinea-Bissau (2007)
- Niger (2007)
- RCA (2007)
- Kenya (2007)
- Uganda (2008)
- Armenia (2008)
- Tunisia (2009)

acquisition of new skills

- Diwan (2006)
- Neocles (2006)
- Silicomp (2007)
- ya.com (2007)
- Orca (2007)
- GTL (2007)
- Cityvox (2008)
- Unanimis (2009)

2 in-market consolidation operations started in 2009

UK : Everything Everywhere™ to be integrated on July 1st

- France Telecom and Deutsche Telekom have merged Orange UK and T-Mobile UK and created a 50:50 JV named Everything Everywhere™
- Everything Everywhere™ is today #1 player in the UK mobile market with a customer base of 30m people and a mobile market share of 37%, running two brands – Orange and T-Mobile
- a single network that will give bigger and better coverage for customers
- biggest operator retail presence on the high street with over 700 stores today
- new assault on business market, continued leadership in wholesale, and focus on new revenue streams
- significant synergy potential: NPV of net opex and capex savings in excess of £3.5bn



Switzerland : proposed Orange and Sunrise merger terminated

- on the 25th of November 2009, Orange and TDC proposed the creation of the leading alternative operator in the Swiss telecoms market with significant Opex and CapEx synergy potential
- however, on the 22nd of April 2010, the Swiss Competition Commission informed **Orange** and TDC that it has decided to prohibit the proposed combination.
- on the 3rd of June 2010 and after having **concluded a detailed analysis of their available options, Orange and TDC decided to terminate their agreement concerning the proposed business combination.**
- **Orange confirmed its long-term commitment to Switzerland.**



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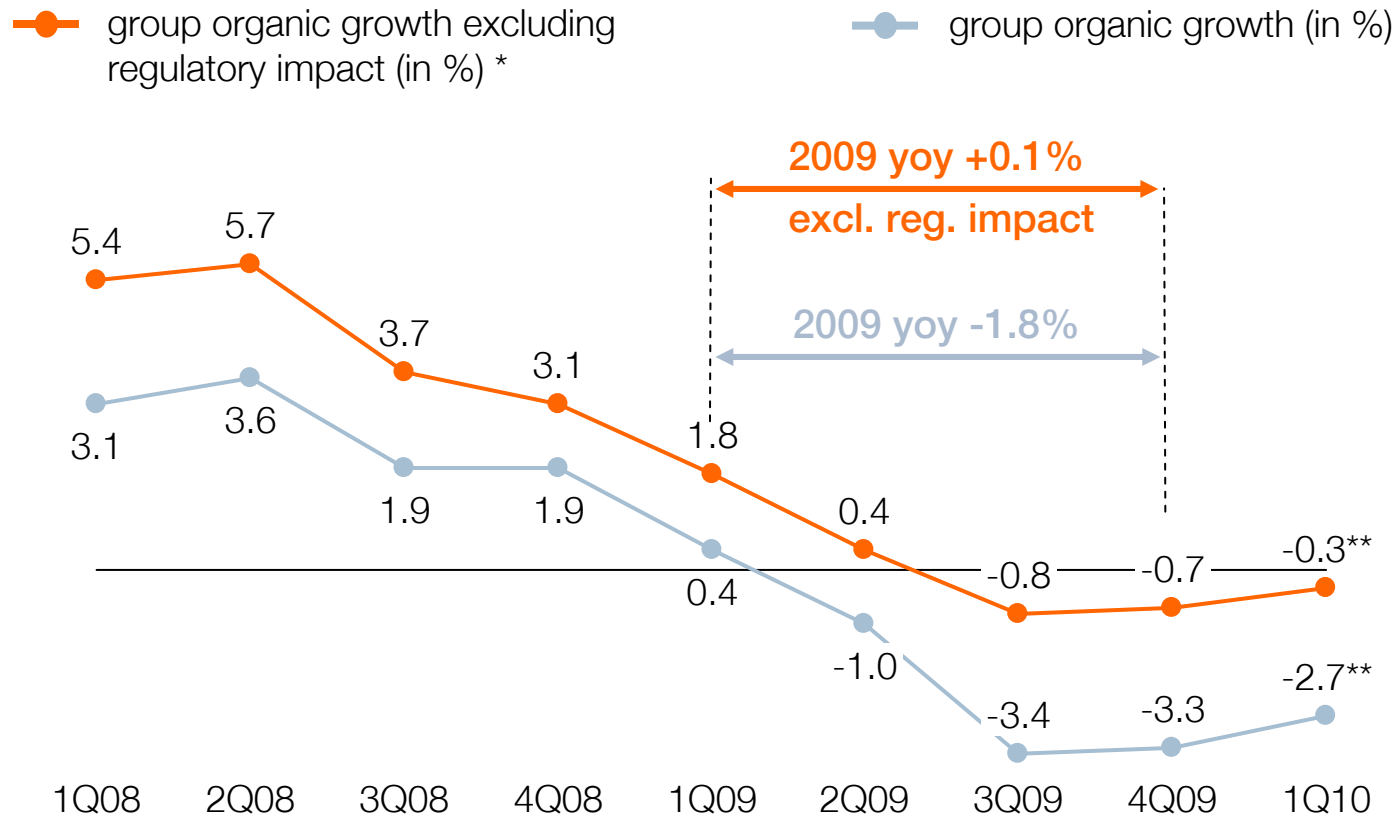
2009 financial performance above expectations

in €m	2008 comp. basis	2009 incl. UK	var. comp basis	key points
revenue	51,957	50,952	-1.9%	<ul style="list-style-type: none"> FY excl. regulation: +0.2% yoy (1H09: +1.0% and 2H09: -0.6%) 4Q09: -3.0% yoy and -0.2% excl. regulation
EBITDA restated*	17,913	17,254	-3.7%	<ul style="list-style-type: none"> FY EBITDA margin erosion limited to -0.6pt thanks to better 2H excluding regulation, EBITDA margin would have been flat
in % of rev	34.5%	33.9%	-0.6pt	
CAPEX	6,688	5,659	-15.4%	<ul style="list-style-type: none"> continued controlled CAPEX, adjusted to the level of traffic in the different countries
in % of rev	12.9%	11.1%	-1.8pts	
organic cash flow	8,016	8,350	+4.2%	<ul style="list-style-type: none"> cash-flow slightly above guidance due to capex phasing

*restated from 964 €m litigation from taxe professionnelle and 569 €m accrual for the French part-time senior plan in 2009 (actual 2009 EBITDA = 15,721 €m)

revenues trends improving, in spite of increasing weight of regulation

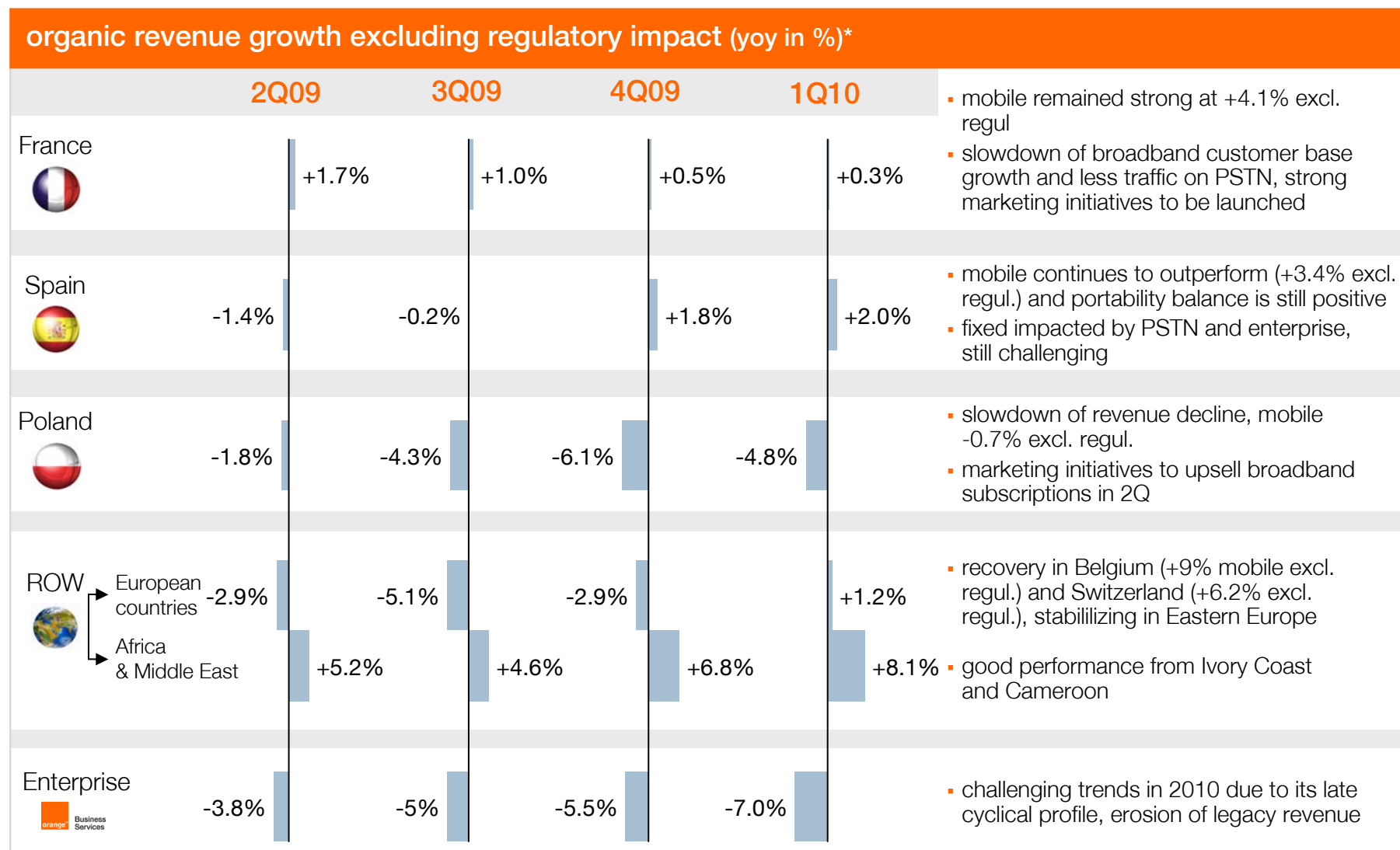
organic revenue growth per quarter (UK excluded)



* regulatory impact: Mobile Termination Rate decrease, wholesales and retail prices and roaming

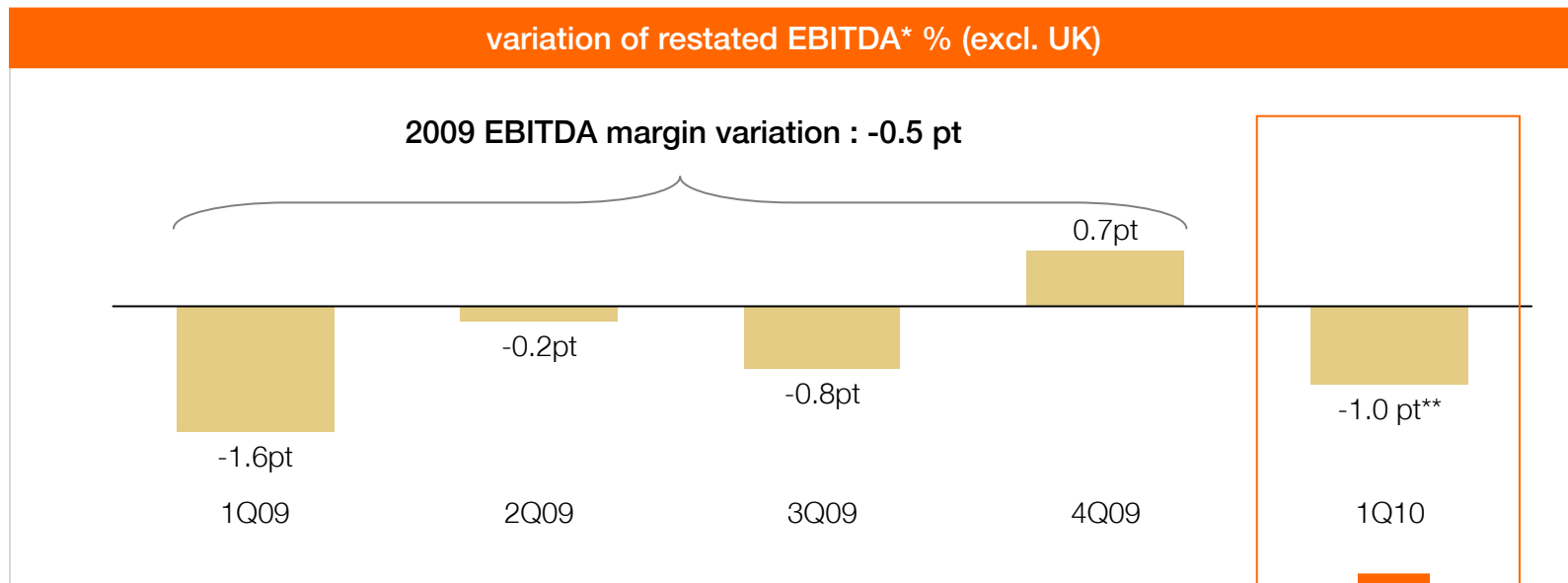
** entities proportionally consolidated in 2008 and 2009 (ECMS, Orange Mauritius & Getesa) included in associates in 1Q10)

commercial trends: improving, France still resilient

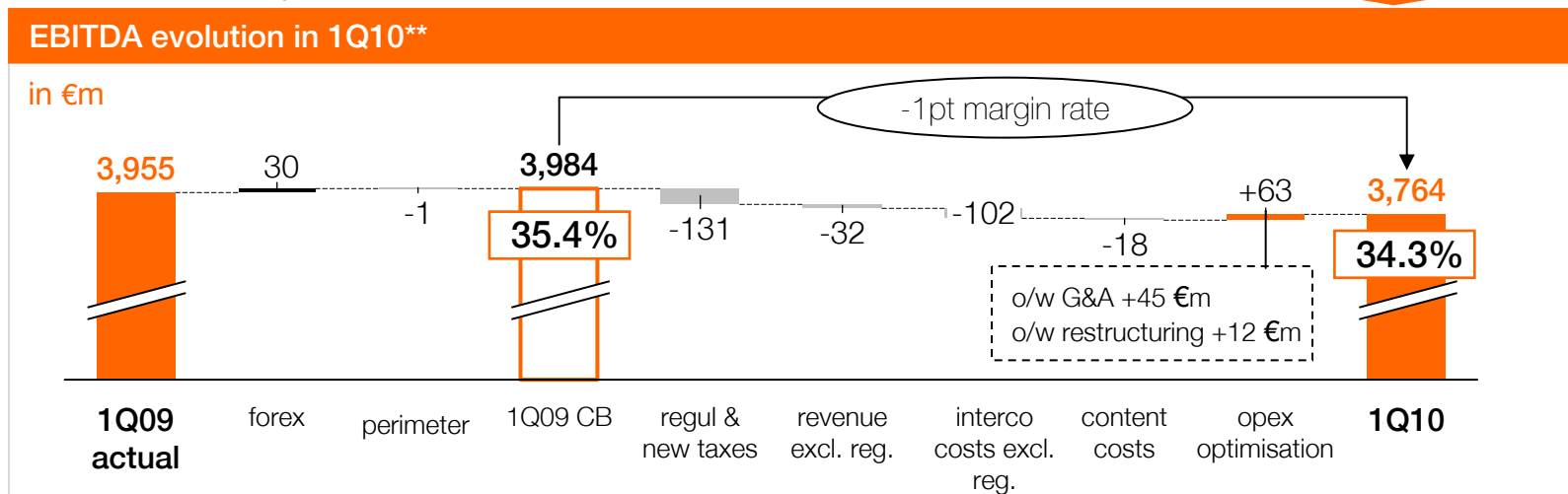


contained erosion of EBITDA in 2009

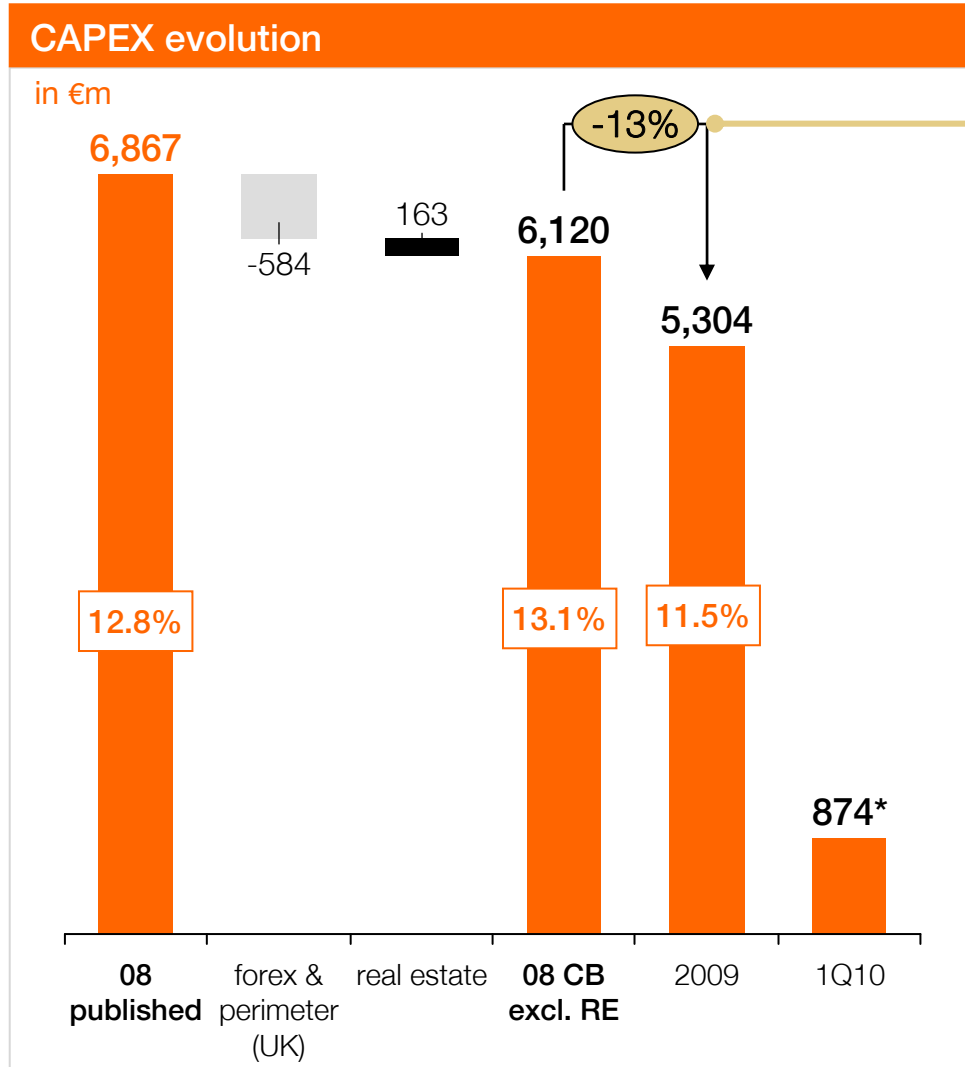
1Q10 mainly impacted by regulation, as expected



*restated from 964 €m litigation from taxe professionnelle and 569 €m accrual for the French part-time senior plan in 2009



2009 CAPEX have been optimized adapting to customers demand and favouring growth areas



up		down	
new operations	+152	2G CAPEX in Western Europe	-173
3G in France: coverage and capacity	+57	2G capacity extension in Eastern Europe, Egypt and Dominicana adjusted to traffic evolution	-89
submarine cables	+43	DSL CAPEX in dense areas	-114
content platforms	+42	FTTH in France	-65
infrastructure, to support data traffic growth	+87		
shops	+16		

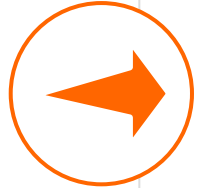
insight

- sustained efforts on 3G coverage: #1 in France with 87% of population end of Dec, 85% in Spain and 55% in Poland
- quality of service preserved on our footprint
- 1Q10 capex-to-sales ratio of 8%* due to phasing and weather constraints especially in Poland
- catch-up to be expected in next quarter

2010 business trend & guidance

revenue

- underlying trend should be flat
- expected regulatory measures should impact revenue by almost 1 €bn



EBITDA margin

- same impact from regulation as 2009
- performance program will partially offset margin pressure and commercial cost dynamic



CAPEX rate

- ramp-up of FTTH program in France, around 100 €m
- around 12% including FTTH program in France



organic cash flow guidance

- **confirmed 2009-2011 ambition (3 x 8 €bn)**
- **8 €bn in 2010:**
 - excluding licenses & spectrum
 - excluding litigation on French “Taxe Professionnelle”

financial policy

Confirmed dividend policy

- shareholder remuneration of 1.4 € per share for FY09
 - dividend balance of 0.8 € will be paid in cash on June 17th*
- interim dividend will be decided depending on 1H10 results and paid in September

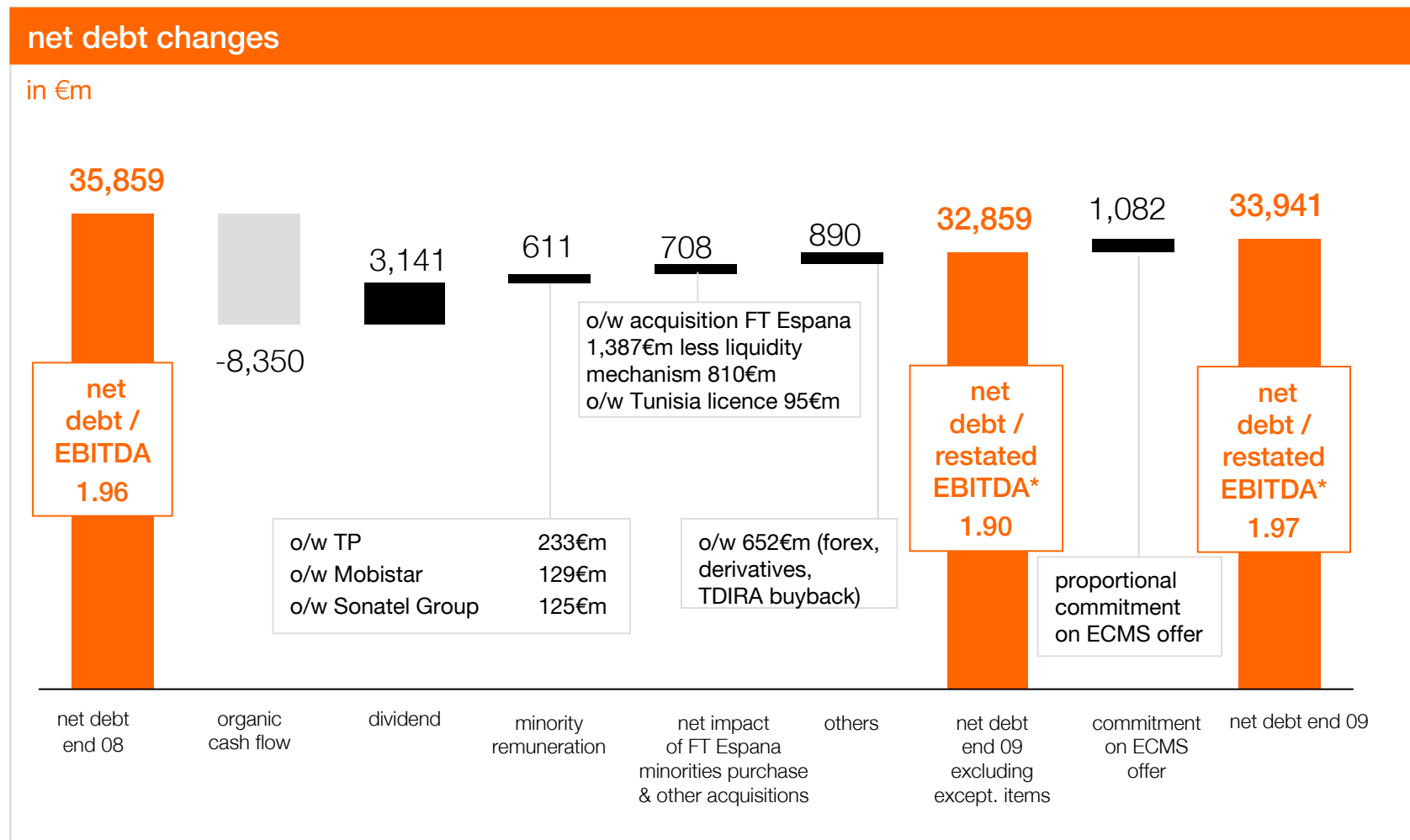
M&A

- no transformational deal contemplated
- in-market consolidation
- emerging markets focusing on Africa & Middle-East

net debt

- keep net debt/EBITDA ratio below 2 in the mid-term

net debt/EBITDA* ratio evolution

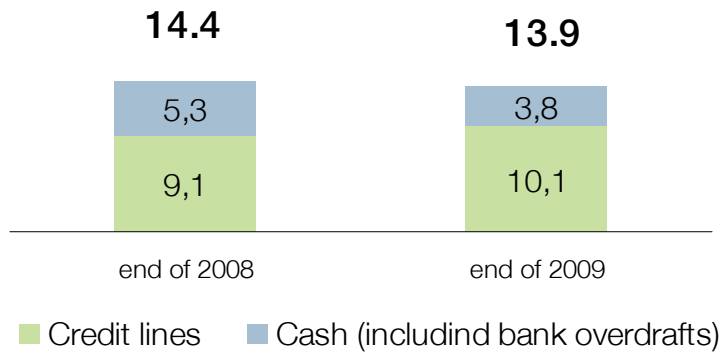


* EBITDA: including UK

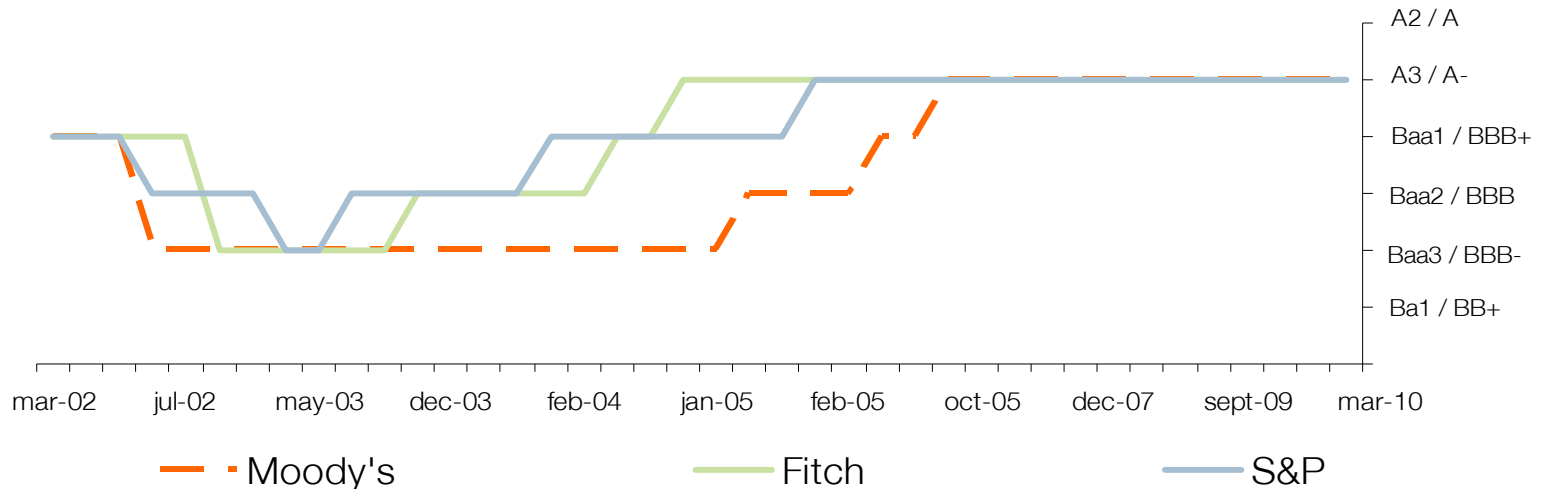
France Telecom continues to enjoy a robust credit profile and a strong liquidity position

Group Liquidity Position

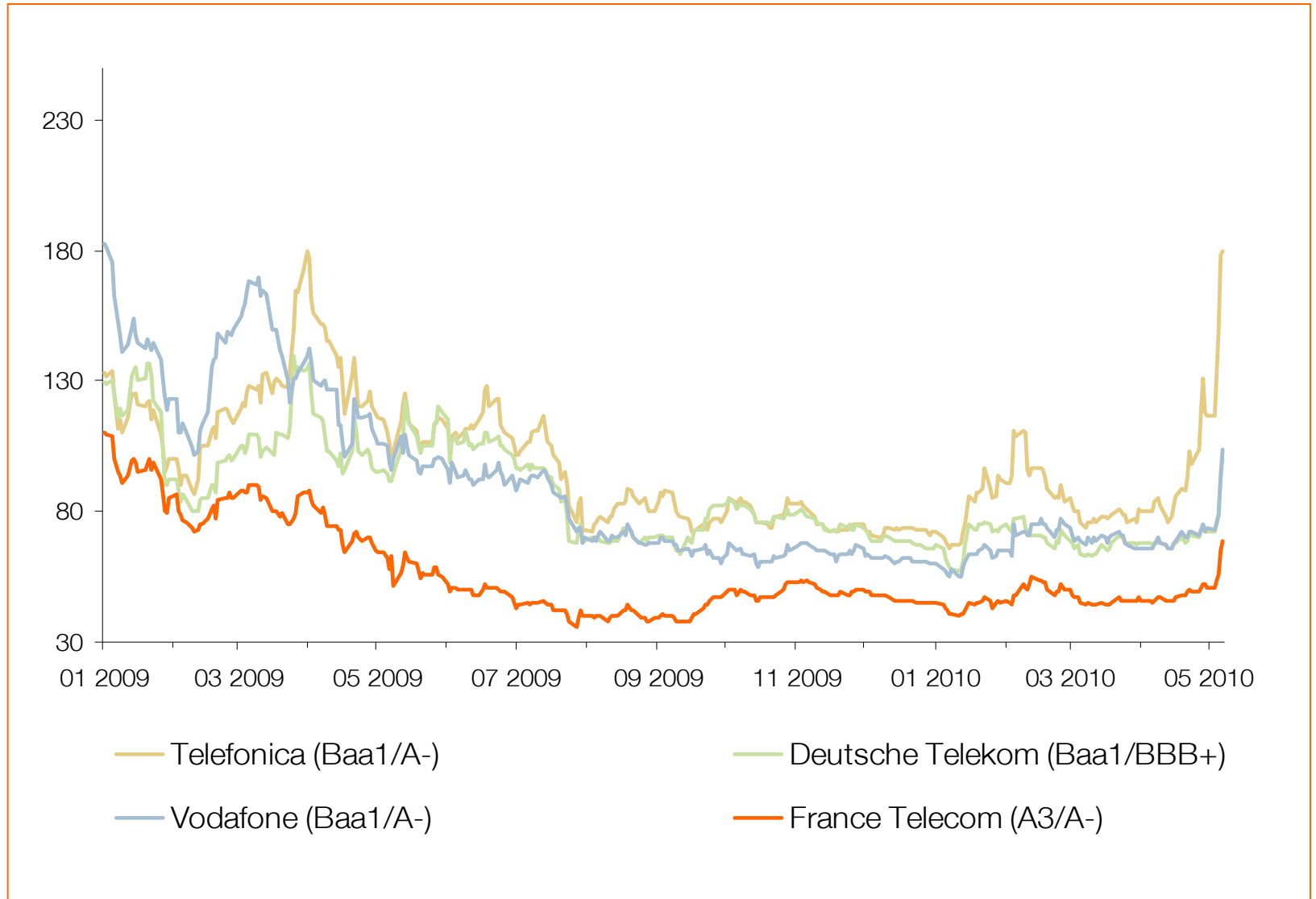
in bn €



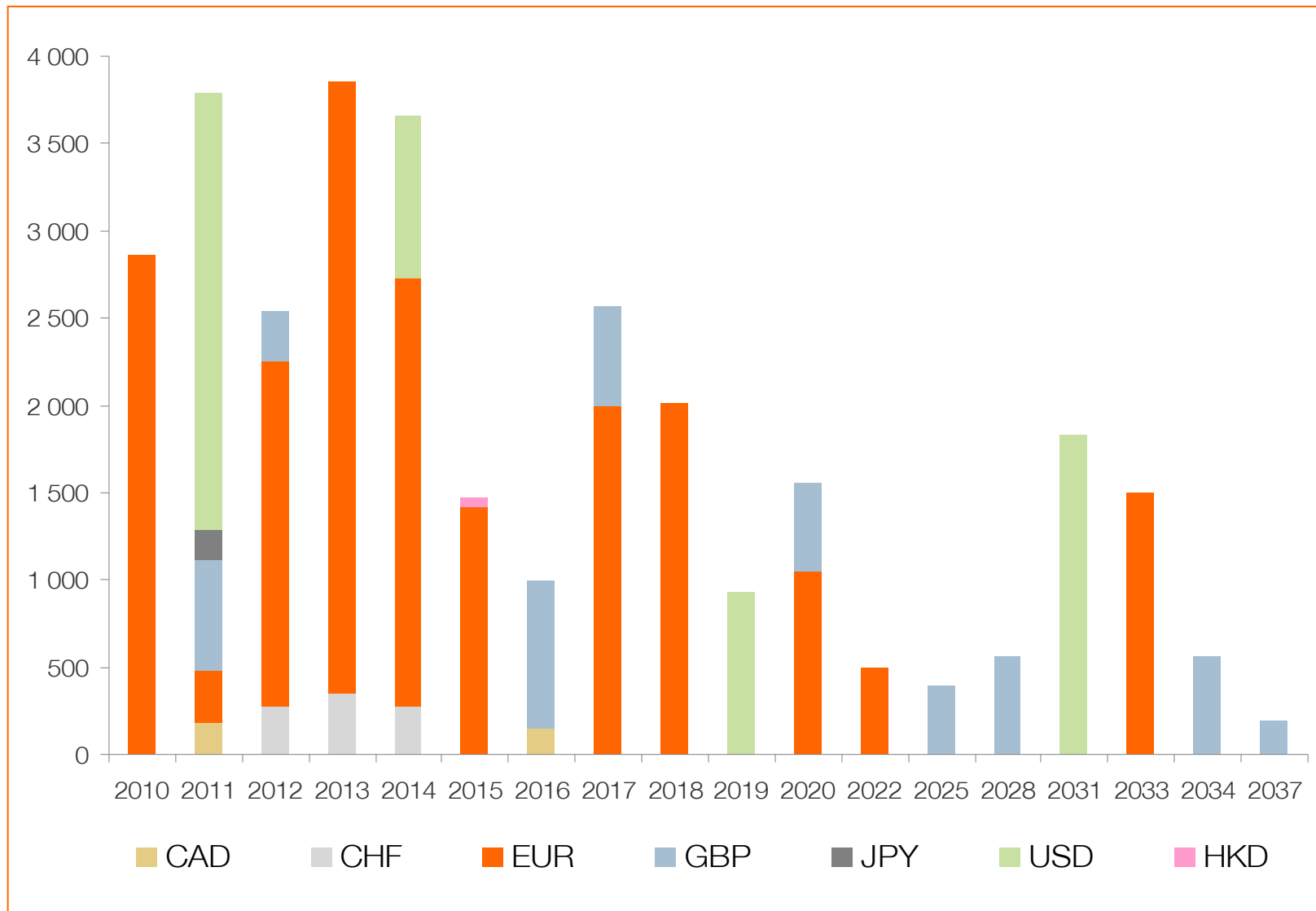
- confirmed 2009-2011 organic cashflow ambition @ 3 x €8bn (excluding licenses & spectrum, and litigation on French “Taxe Professionnelle”)
- continued balance sheet policy targeting to keep net debt/EBITDA ratio below 2 in the mid-term
- strong liquidity position at approx. €14bn
- best-in sector credit rating since 2005



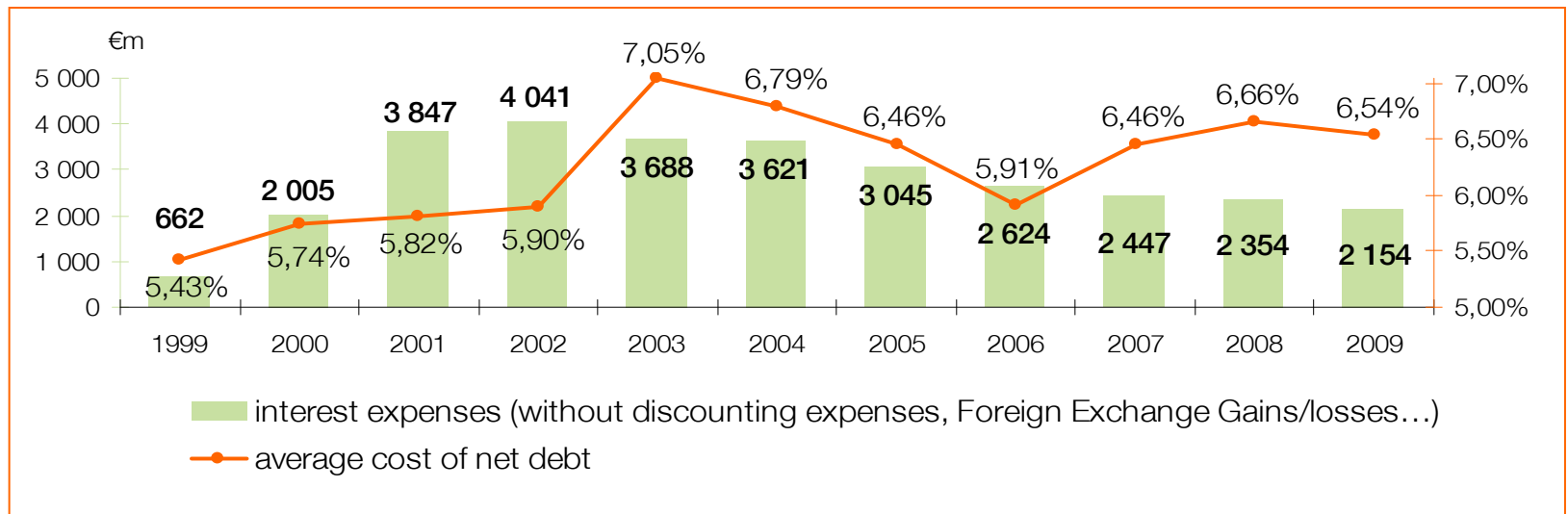
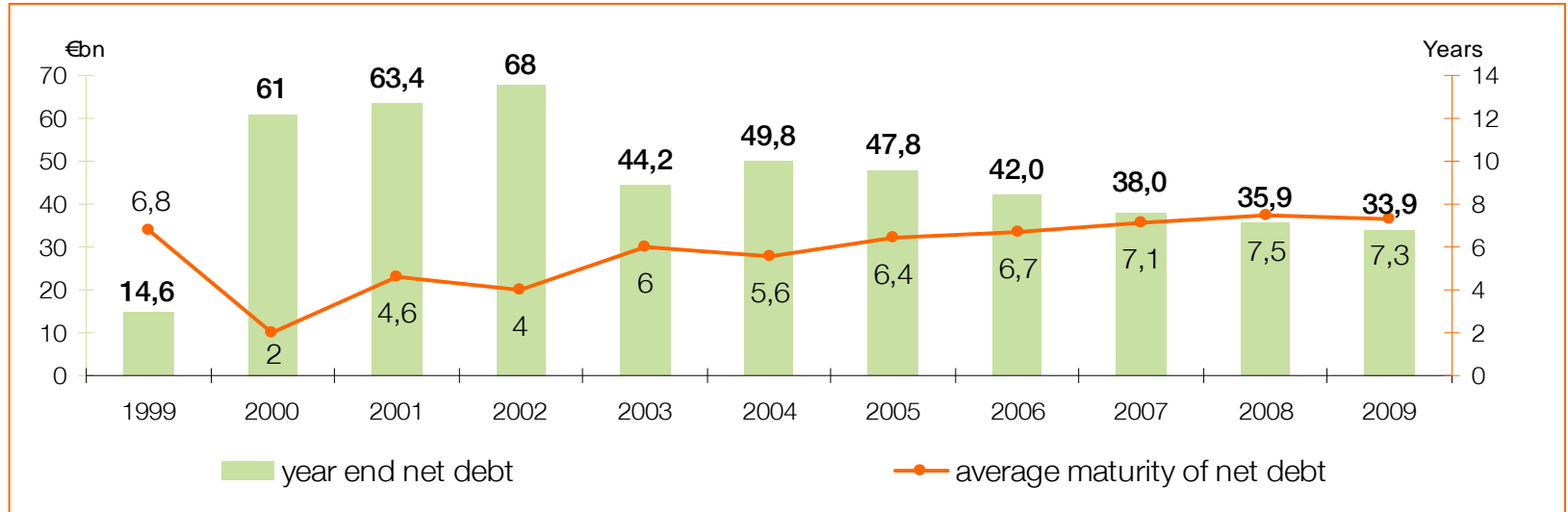
5yr CDS Evolution of main European Telecom Companies



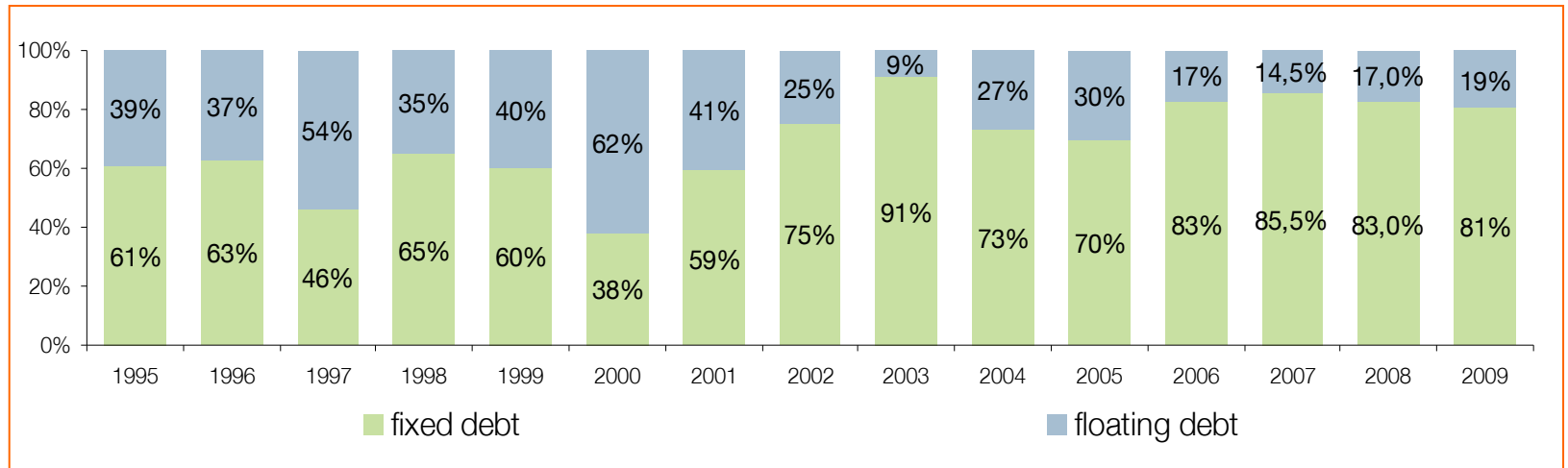
France Telecom bond debt schedule as of 31-03-2010



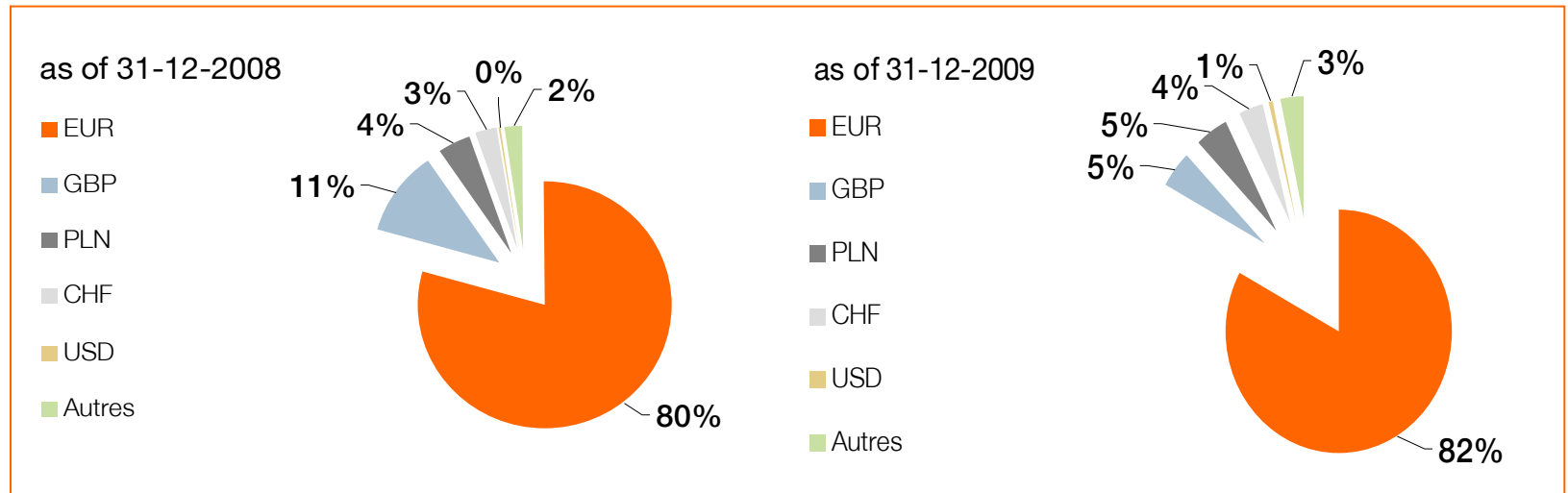
net debt evolution



net debt allocation: fixed - floating - by currency (after derivatives)



majority of outstanding debt is euro denominated (after swaps)



2009-10 funding policy: €6.5bn raised while continuing an active debt management with € 2.5bn debt repurchased

- **€6.5bn debt raising:**

- **benchmarks in non euro currencies: €2,956m**
 - 2009: CHF 500 million (€ 333 m), due September 2013 with a 3.375% coupon
 - 2009: GBP 750 million (€ 839 m) due May 2016 with a 5% coupon
 - 2009: USD 1.25 billion (€ 892 m) due July 2014 with a 4.375% coupon
 - 2009: USD 1.25 billion (€ 892 m) due July 2019 with a 5.375% coupon
- **Benchmarks in euro: €2,500m**
 - 2009: EUR 1 billion due 2014 with a 5% coupon
 - 2009: EUR 500 million due May 2014 with a 6% coupon (issued by TP group)
 - 2010: EUR 1 billion due April 2020 with a 3.875% coupon
- **EIB : €500 m**
 - 2009: EUR 300 million due June 2016 with a m/s+66 bp coupon
 - 2009: EUR 200 million due January 2020 with a m/s+44 bp coupon
- **Taps or private placements: €1,020m**
 - 2009: EUR 200 million due May 2014 with a 6% coupon (4,80% TRI tap by TP group)
 - 2010: EUR FNR 100 million January 2015 with a €3m+62 bp coupon
 - 2010: EUR FRN 100 million January 2015 with a €3m+63 bp coupon
 - 2010: EUR FRN 70 million February 2015 with a €3m+62 bp coupon
 - 2010: HKD FRN 500 million (€46 m) February 2015 with a €3m+62 bp coupon
 - 2010: EUR FRN 25 million February 2020 with a €6m+78 bp
 - 2010: EUR FRN 25 million February 2020 with a €6m+80 bp

- **€2.7bn debt repurchased:**

- TDIRA: €1.4bn
- UK leases: €0.7bn
- Bond open market repurchase: €0.6bn

France Telecom and the Japanese bond market:

- In July 2001 France telecom issued JPY 325 billion, the biggest amount raised by a non domestic corporate

Value Date	Maturity date	Coupon	Amount	Currency
03/04/00	03/04/01	0,27%	100 000 000 000,00	JPY
18/05/00	18/05/01	0,30%	5 000 000 000,00	JPY
17/05/00	17/05/01	0,30%	5 000 000 000,00	JPY
30/06/00	30/06/03	JPLI6M +0.09%	2 500 000 000,00	JPY
28/06/00	28/06/05	1,35%	9 800 000 000,00	JPY
19/06/00	19/03/02	0,55%	10 000 000 000,00	JPY
21/12/00	21/12/01	JPLI3M +0.20%	15 000 000 000,00	JPY
06/02/01	06/02/02	0,56%	20 000 000 000,00	JPY
19/06/01	19/06/03	JPLI3M +0.4%	30 000 000 000,00	JPY
02/07/01	02/07/03	0,50%	5 000 000 000,00	JPY
09/07/01	09/07/03	JPLI6M +0.35%	11 500 000 000,00	JPY
16/07/01	16/07/04	1%	50 000 000 000,00	JPY
16/07/01	16/07/03	JPLI3M+0.55%	275 000 000 000,00	JPY
01/08/01	01/08/02	0,34%	6 000 000 000,00	JPY
28/08/01	28/08/02	JPLI3M+0.2%	3 000 000 000,00	JPY
30/08/01	30/08/02	0,38%	10 000 000 000,00	JPY
03/09/01	03/09/02	0,31%	10 000 000 000,00	JPY
17/09/01	17/09/02	0,25%	2 500 000 000,00	JPY
10/05/06	10/05/11	JPLI6M +0.24%	7 000 000 000,00	JPY
10/05/06	10/05/11	1,82%	15 000 000 000,00	JPY

appendices

mobile snapshot (end 2009)

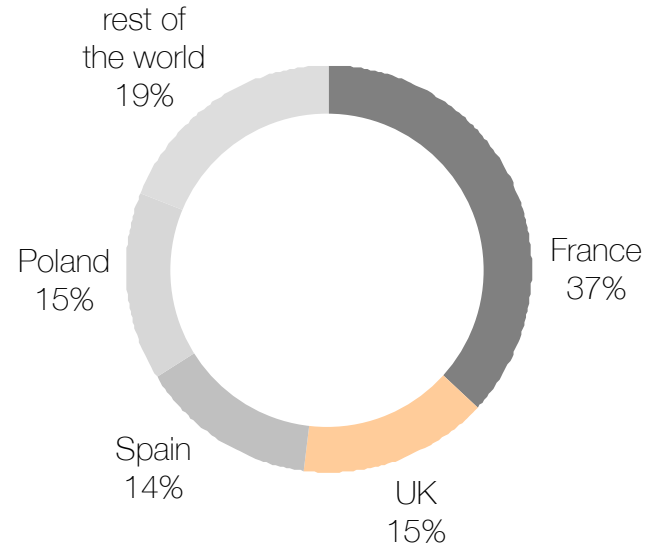
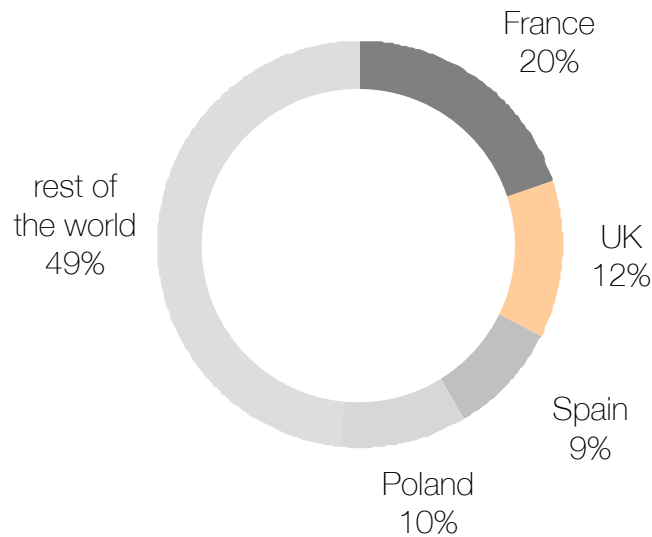
133 million mobile customers*

of which

36 million mobile broadband customers**

+9% yoy

+35% yoy



in 29 countries

* excluding MVNOs

** 3G and EDGE customers, excluding MVNOs

Home (end 2009)

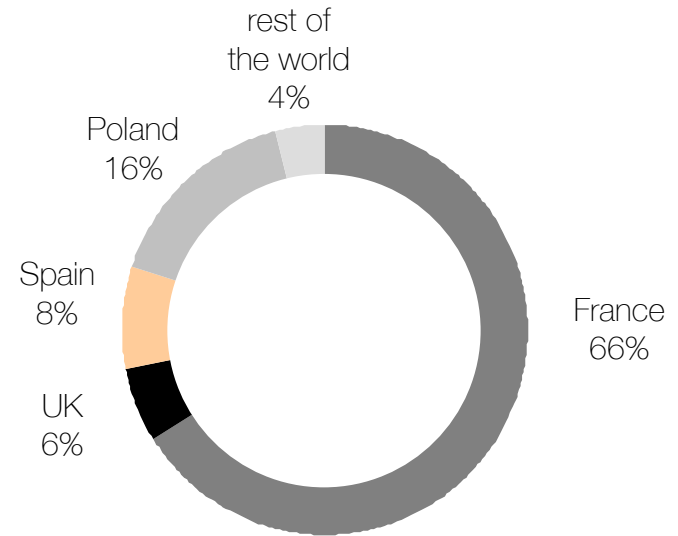
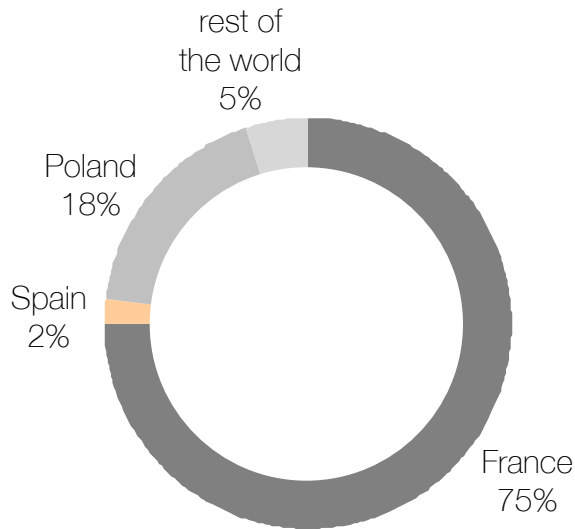
46 million
fixed line
customers

and

14 million
Internet
customers

-1.4% yoy

+1.7% yoy



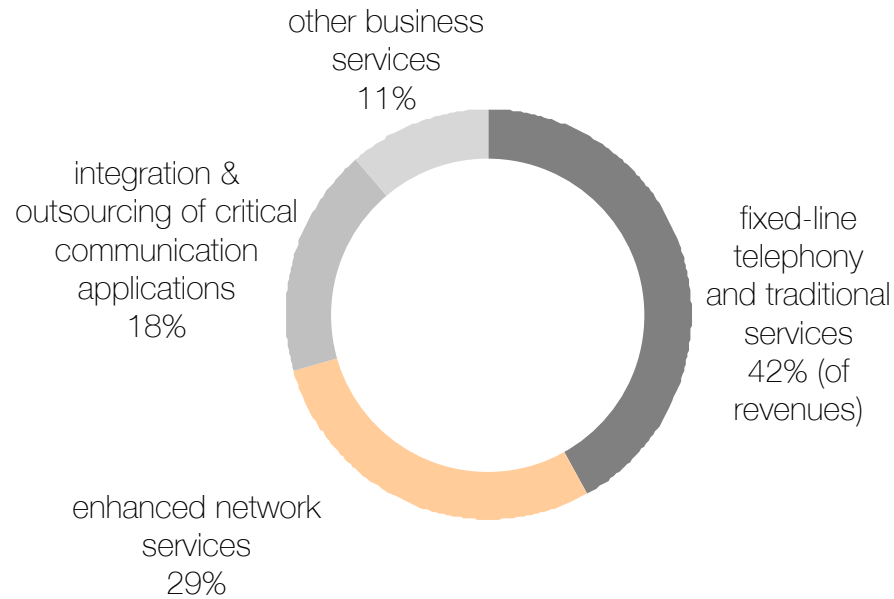
in 13 countries

in 21 countries

Enterprise (end 2009)

323 thousand IP-VPN accesses

+0.5% yoy



in 166 enterprise countries & territories

a new 15-member group executive committee



Stephane Richard
CEO
French operations



Jean-Yves Larroutourou
Deputy CEO
International



Gervais Pellissier
Deputy CEO
Finance, Information Systems,
United Kingdom JV



Jean-Philippe Vanot
Deputy CEO
Quality, Corporate Social Responsibility



Christine Albanel
EVP
Communication, Philanthropy,
Content Strategy



Vivek Badrinath
EVP
Enterprise Communication Services



Olivier Barberot
EVP
Human Resources



Thierry Bonhomme
EVP
Networks, Carriers and
Research & Development



Jean-Paul Cottet
EVP
Marketing



Delphine Ernotte
EVP
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Strategic Initiatives and Partnerships



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New Growth Businesses



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Sourcing

Group P&L (1/2)

in €m

in % of revenue (excl. UK)

FY08 CB FY09 actual

	FY08 CB	FY09 actual	
revenue	46,800	45,944	▶ regulatory impact of -€924m o/w -€606m in 2H
labour costs	(8,405) 18.0%	(8,525) 18.6%	▶ increase of average wage and extra employee incentive schemes
o/w profit sharing & share base payments	(399)	(350)	
interconnection	(6,444) 13.8%	(6,206) 13.5%	▶ regulatory price decrease (+€532m o/w +€352m in 2H) absorbed by higher usage and development of unlimited off-net offers
other IT&N	(2,701) 5.8%	(2,660) 5.8%	▶ increasing costs of new operations in emerging markets
general, properties and others	(5,651) 12.1%	(5,470) 11.9%	▶ TV tax & Chatel law impact (-€178m) ▶ lower restructuring
o/w restructuring	(411)	(213)	▶ contingency plan and performance program
o/w disposals of assets and associates	(244)	19	▶ depreciation of Sonaecom stake in 08
EBITDA* pre com. & content	23,599 50.4%	23,083 50.2%	
commercial expenses & content costs	(6,766) 14.5%	(6,756) 14.7%	▶ good management of commercial expenses ▶ full impact of content in 09: -€182m vs 08
EBITDA* restated	16,832 36.0%	16,327 35.5%	▶ regulatory and new taxes EBITDA impact: -€570m (EBITDA margin +0.1pt)

* restated from EUR 569m accrual for the French part-time senior plan within labour costs and from EUR 964m litigation from taxe professionnelle within general, properties and others

Group P&L (2/2)

in €m and excl. UK

	FY08 historical	FY09 actual
EBITDA restated		16,327
French tax professionnelle and part time senior plan		-1,533
actual EBITDA	17,083	14,794
depreciation & amortization	-6,859	-6,417
impairment of goodwill & assets	-279	-518
operating income	9,945	7,859
financial results	-2,957	-2,299
tax	-2,899	-2,295
net income of discontinued operations	403	200
non controlling interests	-423	-468
net income Group share	4,069	2,997
other (provision restatement)	370	1,366
impairment of goodwill	470	445
exceptional on deferred tax	215	0
accrual for employees free share program	57	41
comparable net income Group share	5,181	4,849

- 1
 - lower depreciation & amortization benefiting from forex for €216m
- 2
 - impairment test of €-400m in Poland
- 3
 - 08 Spain liquidity mechanism impact
 - debt and cost of debt reduced to 6.54% vs. 6.66% end of 08
- 4
 - drop on tax due to lower profit and 08 differed tax asset lowered in Spain
- 5
 - UK net income is down mainly due to income taxes effect: €-43m in 09 vs + €106m in 08

Group Cash-Flow Statement

in €m	FY08 published	FY09 actual	
EBITDA	18,328	15,721	1
CAPEX	6,867	5,659	
EBITDA – CAPEX (incl. UK)	11,461	10,062	
net interest expense cash out	-2,262	- 1,589	1
income taxes cash out	-878	-620	2
change in WCR	159	775	3
licences & spectrum	-209	-93	
variation of fixed assets suppliers	-140	-375	4
proceeds from sale of assets	233	93	
other (cash and non cash items)	-348	97	5
- o/w early retirement plan cash out	-661	-484	
organic cash flow, consolidated	8,016	8,350	
- organic cash flow, Group share	7,253	7,617	
- organic cash flow, minorities share	763	733	

1

- TDIRA repurchase and currency swap unwinding: positive exceptional impact of €563m
- decrease of net interests paid

2

- lower tax due to lower results in some subsidiaries (Poland, ...)

3

- include taxe professionnelle for €964m, to be paid in Jan10

4

- CAPEX reduction impact on fixed asset suppliers

5

- o/w €569m of non cash senior part time incl. in EBITDA

a new project for France Telecom is under progress and should be presented in early July

